

Notes to the Financial Statements (Cont'd)

10. SUBSIDIARY COMPANY

	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	10,000	10,000
Amount receivable	1,299	1,208
	<u>11,299</u>	<u>11,208</u>

Private company incorporated in Hong Kong and directly owned by the Company	Paid up ordinary share capital	Equity holding
Iau On Company Limited	100,000 shares of HK\$100 each	100%

The subsidiary company is engaged in the business of property investment in Hong Kong.

11. ASSOCIATED COMPANIES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	70	70	70	70
Share of undistributed post- acquisition profits less losses	(4,086)	(4,107)	-	-
Group's share of net (liabilities)/assets	(4,016)	(4,037)	70	70
Amount receivable	5,458	5,432	5,457	5,431
Less: Provision	-	-	(5,134)	(5,134)
	<u>5,458</u>	<u>5,432</u>	<u>323</u>	<u>297</u>
Less: Amount payable	(145)	(145)	(145)	(145)
	<u>5,313</u>	<u>5,287</u>	<u>178</u>	<u>152</u>
	<u>1,297</u>	<u>1,250</u>	<u>248</u>	<u>222</u>

Details of the associated companies are as follows:

Private companies incorporated in Hong Kong and directly owned by the Company	Paid up ordinary share capital	Equity holding	Principal activities (in Hong Kong)
Chuen King Enterprises Limited	1,000 shares of HK\$100 each	50%	Property development
Manlo Holdings Limited	6 shares of HK\$10 each	33 1/3 %	Investment holding
Littlejohn Company Limited	100,000 shares of HK\$1 each	20%	Investment holding

The accounting year ends of Manlo Holdings Limited and Littlejohn Company Limited are 31 March and 30 June respectively. The results of these companies included in the consolidated financial statements are based on their management financial statements made up to 30 September 2000.

The Group's share of the associated companies' results are:

	2000 HK\$'000	1999 HK\$'000
Loss brought forward	(4,107)	(4,136)
Share of profit after taxation	21	29
Loss carried forward	<u>(4,086)</u>	<u>(4,107)</u>

Notes to the Financial Statements (Cont'd)

12. UNLISTED INVESTMENTS

	Group and Company	
	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	144	144
Advances	29,605	29,605
	<u>29,749</u>	<u>29,749</u>

Unlisted investments mainly comprise a 14.29% equity interest in Billion Park Investment Limited ("Billion Park"), a private company incorporated in Hong Kong. The principal activity of Billion Park is to participate in Foshan International Country Club Company Limited, a co-operative joint venture formed in the People's Republic of China and in which the Group has an effective interest of 5%, for the construction of golf courses and related commercial and residential facilities in Foshan.

The advances are unsecured, interest free and have no specific repayment terms.

13. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivable				
Below 60 days	2,390	3,870	2,163	3,502
61 to 90 days	257	963	225	831
91 days and above	1,444	1,128	1,444	1,128
	<u>4,091</u>	<u>5,961</u>	<u>3,832</u>	<u>5,461</u>
Deposits and prepayments	1,424	1,542	1,296	1,424
	<u>5,515</u>	<u>7,503</u>	<u>5,128</u>	<u>6,885</u>

Trade receivable represents rental income which is due one month in advance.

Notes to the Financial Statements (Cont'd)

14. CREDITORS, ACCRUALS, DEPOSITS AND TEMPORARY RECEIPTS

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors				
Below 60 days	94	31	-	-
Accruals, deposits and temporary receipts	14,722	16,528	13,810	15,364
	<u>14,816</u>	<u>16,559</u>	<u>13,810</u>	<u>15,364</u>

15. PROVISION FOR LONG SERVICE PAYMENTS

The Group does not operate any retirement schemes for its employees. A provision of HK\$5,683,000 (1999: HK\$7,499,000) has been made in respect of the Company's liability under the Hong Kong Employment Ordinance on the basis that all employees are eligible for long service payments and their employments are terminated as of the balance sheet date.

16. SHARE CAPITAL

	Group and Company	
	2000	1999
	HK\$'000	HK\$'000
Authorised		
30,000,000 shares of HK\$5 each	150,000	150,000
Issued and fully paid		
25,000,000 shares of HK\$5 each	125,000	125,000

17. RESERVES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment properties				
revaluation reserve				
At 30 September 1999	1,384,657	1,384,457	1,264,374	1,264,374
(Deficit)/surplus				
on revaluation (note 9)	(142,000)	200	(130,000)	-
At 30 September 2000	<u>1,242,657</u>	<u>1,384,657</u>	<u>1,134,374</u>	<u>1,264,374</u>
Retained profit				
At 30 September 1999	25,299	23,678	24,203	22,093
Profit for the year	33,614	51,621	33,529	52,110
Dividends	(32,500)	(50,000)	(32,500)	(50,000)
At 30 September 2000	<u>26,413</u>	<u>25,299</u>	<u>25,232</u>	<u>24,203</u>
	<u>1,269,070</u>	<u>1,409,956</u>	<u>1,159,606</u>	<u>1,288,577</u>

Distributable reserves of the Company at 30 September 2000, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$25,232,000 (1999: HK\$24,203,000).

Notes to the Financial Statements (Cont'd)

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	HK\$'000	HK\$'000
Operating profit	40,486	58,863
Depreciation	87	99
Gain on disposal of fixed assets	(8)	–
Interest income	(1,441)	(2,311)
Dividend income from unlisted investments	(119)	(65)
(Increase)/decrease in staff loans	(91)	1,946
Decrease in accounts receivable, deposits and prepayments	1,794	1,110
Decrease in creditors, accruals, deposits, temporary receipts and provision for long service payments	(3,559)	(3,203)
Net cash inflow from operating activities	<u>37,149</u>	<u>56,439</u>

19. RELATED PARTY TRANSACTIONS

In the normal course of business activities, certain investment properties of the Group are leased to related companies, which are controlled by certain Directors of the Company, at prices and terms no less than those contracted with other third party tenants of the Group. Rental and related income from these related companies during the year were HK\$3,326,000 (1999: HK\$4,765,000).

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 15 December 2000.